

(a) *Ranking of applications.* All applications submitted to the National Office will be ranked. All applications that are ranked will be considered for selection for funding.

(b) *Selection of applications for funding.* Using the ranking created under paragraph (a) of this section, the Agency will consider the score an application has received compared to the scores of other ranked applications, with higher scoring applications receiving first consideration for funding.

(c) *Funding selected applications.* As applications are funded, if insufficient funds remain to fund the next highest scoring application, the Agency may elect to fund a lower scoring application. Before this occurs, the Agency will provide the applicant of the higher scoring application the opportunity to reduce the amount of its grant request to the amount of funds available. If the applicant agrees to lower its grant request, it must certify that the purposes of the project can be met, and the Administrator must determine the project is financially feasible at the lower amount.

(d) *Disposition of ranked applications not funded.* Based on the availability of funding, a ranked application submitted under this subpart may not be funded. Such ranked applications will not be carried forward into Fiscal Year 2012 and the Agency will notify the applicant in writing.

§4280.194 Actions prior to grant closing.

Applicants expecting funds from other sources for use in completing projects being partially financed with Agency funds must have these funds from other such sources prior to grant closing. Agency funds will not be expended in advance of funds committed to the project from other sources without prior Agency approval.

§4280.195 Awarding and administering energy audit and renewable energy development assistance grants.

Energy audit and renewable energy development assistance grants under this subpart will be awarded and administered in accordance with Depart-

mental regulations and with paragraphs (a) through (e) of this section.

(a) *Letter of conditions.* The Agency will notify the approved applicant in writing, setting out the conditions under which the grant will be made. The notice will include those matters necessary to ensure that the proposed grant is completed in accordance with the terms of the scope of work and budget, that grant funds are expended for authorized purposes, and that the applicable requirements prescribed in the relevant Departmental regulations are complied with. The Letter of Conditions will be sent to the applicant.

(b) *Applicant's intent to meet conditions.* Upon reviewing the conditions and requirements in the letter of conditions, the applicant must complete, sign, and return Form RD 1942-46 to the Agency; or if certain conditions cannot be met, the applicant may propose alternate conditions to the Agency. The Agency must concur with any changes proposed to the Letter of Conditions by the applicant before the application will be further processed.

(c) *Forms.* The forms specified in paragraphs (c)(1) through (c)(6) of this section will be attached to the letter of conditions referenced in paragraph (a) of this section. The forms specified in paragraphs (c)(1) through (c)(5) of this section must be submitted prior to grant approval. The form specified in paragraph (c)(6), which is to be completed by the contractor (if any), does not need to be returned to the Agency, but must be kept on file.

(1) Form RD 1942-46.

(2) Form AD-1047.

(3) Form AD-1049.

(4) Either Form SF-LLL or Exhibit A-1 of RD Instruction 1940-Q.

(5) Form RD 400-4.

(6) Form AD-1048.

(d) *Grant approval.* The applicant will be sent a copy of the executed Form RD 1940-1, the approved scope of work, and Form RD 4280-2. Form RD 1940-1 must be signed by the applicant.

(e) *Grant agreement.* Prior to grant approval, the applicant must complete, sign, and return Form RD 4280-2. The grantee must abide by all requirements contained in Form RD 4280-2, this subpart, and any other applicable Federal

statutes or regulations. Failure to follow these requirements may result in termination of the grant and adoption of other available remedies.

§ 4280.196 Servicing energy audit and renewable energy development assistance grants.

Energy audit and renewable energy development assistance grants will be serviced in accordance the requirements specified in Departmental regulations, 7 CFR part 1951, subparts E and O, and paragraphs (a) through (n) of this section.

(a) *Inspections.* Grantees will permit periodic inspection of the project operations by a representative of the Agency.

(b) *Programmatic changes.* The grantee shall obtain prior Agency approval for any change to the scope or objectives of the approved project. Failure to obtain prior approval of changes to the scope of work or budget may result in suspension, termination, and recovery of grant funds.

(c) *Changes in project cost or scope.* If there is a significant reduction in project cost or changes in project scope, the applicant's funding needs, eligibility, and scoring, as applicable, will be reassessed. Decreases in Agency funds will be based on revised project costs and other selection factors; however, other factors, including Agency regulations used at the time of grant approval, will remain the same. Obligated grant funds not needed to complete the project will be de-obligated.

(d) *Transfer of obligations.* The grantee may request a transfer of obligation to a different (substitute) grantee. Subject to Agency approval, an obligation of funds established for a grantee may be transferred to a substitute grantee provided:

- (1) The substituted grantee
 - (i) Is eligible;
 - (ii) Has a close and genuine relationship with the original grantee; and
 - (iii) Has the authority to receive the assistance approved for the original grantee; and
- (2) The need, purpose(s), and scope of the project for which the Agency funds will be used remain substantially unchanged.

(e) *Financial management system and records.*

(1) The grantee will provide for Financial Management Systems that will include:

- (i) Accurate, current, and complete disclosure of the financial result of each grant.
- (ii) Records that identify adequately the source and application of funds for grant-supporting activities, together with documentation to support the records. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
- (iii) Effective control over and accountability for all funds. Grantee shall adequately safeguard all such assets and shall ensure that funds are used solely for authorized purposes.

(2) The grantee will retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least 3 years after completion of grant activities except that the records shall be retained beyond the 3-year period if audit findings have not been resolved or if directed by the United States. Microfilm copies may be substituted in lieu of original records. The Agency and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the grantee which are pertinent to the specific grant for the purpose of making audit, examination, excerpts, and transcripts.

(f) *Audit requirements.* Grantees must provide an annual audit in accordance with 7 CFR part 3052.

(g) *Fund disbursement.* The Agency will determine, based on the applicable Departmental regulations, whether disbursement of a grant will be by advance or reimbursement. A SF-270 must be completed by the grantee and submitted to the Agency no more often than monthly to request either advance or reimbursement of funds. Upon receipt of a properly completed SF-270, the funds will be requested through the field office terminal system. Ordinarily, payment will be made within 30 days after receipt of a proper request for advance or reimbursement.